DOCUMENT RESUME

ED 369 901 CE 066 264

AUTHOR Fuller, Taleria R.
TITLE Increasing Working Mothers' Earnings: The Importance of Race, Family, and Job Characteristics. Research-in-Brief.
INSTITUTION Institute for Women's Policy Research, Washington, DC.
SPONS AGENCY Women's Bureau (DOL), Washington, D.C.
PUB DATE [94]
NOTE 5p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Adult Education; Black Mothers; *Change Strategies; Comparative Analysis; Educational Needs; *Employed Parents; *Employment Level; Family Characteristics; Hispanic Americans; *Mothers; *Predictor Variables; Public Policy; Race; *Salary Wage Differentials; Whites

ABSTRACT

Women's economic responsibility for their families has increased as more married women contribute to family income and more mothers head families alone. In view of this fact, a study compared the characteristics of Black, White, and Hispanic working mothers and the factors affecting working mothers' wages. Black working mothers were much less likely to be married to a full-time working spouse, Hispanic working mothers were the least likely to have a high school diploma, Black working mothers were least likely to work in traditionally female occupations, and White working mothers had the highest average hourly wage ($7.81 per hour in 1988 dollars versus $6.69 for Black and $6.42 for Hispanic working mothers). The study also established that family-related characteristics are not significant predictors of the wages of working mothers; human capital, job, and regional characteristics are significant predictors of hourly wage. The following policy strategies are found to be most effective in increasing working mothers' earnings: those that increase women's (1) returns to work experience, (2) education, (3) ability to stay in the work force and (4) those that decrease regional wage disparities. (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Research-in-Brief

ED 369 901

INCREASING WORKING MOTHERS' EARNINGS:

The Importance of Race, Family, and Job Characteristics

In the past, women have consistently been viewed as secondary earners, whose low wages and inferior economic positions have been explained away by sex-segregated models that focus on family related characteristics, such as their marital status, the presence of a full-time working spouse, and the number and ages of their children. In contrast, **Increasing Working Mothers' Earnings**, a study conducted by the Institute for Women's Policy Research (IWPR), views working mothers as primary earners, and it suggests that the social and economic changes that have occurred over the last several decades had a greater impact on working mothers' wages than family related characteristics. These changes include, increased education, regional restructuring of jobs, industry shifts, the movement of women into non-traditional jobs, and the growth of part-time work. The study investigates the impact of job, regional, human capital, and family characteristics on the hourly wages of black, white, and Hispanic working mothers.

Increasing Working Mothers' Earnings examines the significant predictors of working mothers' hourly wages and their ability to earn a wage that is minimally sufficient to support a family of three. ***Its principal finding is that family related characteristics are not significant predictors of the wages of working mothers, but that human capital, job, and regional characteristics are.***

The study also estimates the impact of a series of policy strategies that can increase working mothers' earnings. The most effective policy strategies are found to be those that increase women's (1) returns to work experience, (2) education, and (3) ability to stay in the workforce, or (4) decrease regional wage disparities.

THE INCREASING IMPORTANCE OF MOTHERS' EARNINGS

Women's economic responsibility for their families has grown as more married women contribute to family income and more mothers head families alone. Many women supporting children on their own are living in poverty, despite their earnings.

- By 1990, two-thirds of all mothers (22 million) were in the labor force.
- Between 1970 and 1990, the labor force participation of women increased from 40 to 67 percent, with mothers accounting for the largest growth of any group.
- Nearly all women have children during their lifetimes, and roughly two-thirds of them can expect to spend some portion of their life as single mothers.
- Women are increasingly likely to be solely responsible for their children as a result of separation or divorce. Over the past two decades, the number and proportion of children living in one-parent families has doubled.

To conduct the study, IWPR created a special file of working mothers from the 1986 and 1987 panels of the ***Survey of Income and Program Participation (SIPP)***, a Census Bureau data set. The file combines data from two panels for the 1987 calendar year and includes records for roughly 4,500 working mothers, representing more that 19 million nationwide. Additional data concerned with the growth and technology level of the industries in which working mothers are employed and the gender composition of their jobs were also merged into the special file.

INSTITUTE FOR WOMEN'S POLICY RESEARCH • 1400 20TH STREET N.W. • SUITE 104 • WASHINGTON, D.C. • 20036 • (202) 785-5100

CE 066 264

BEST COPY AVAILABLE

A "sufficiency wage" was arrived at by adding an extra $1,830 -- the estimated annual cost of child care for families of working mothers with a least one child under 6 -- to the official annual poverty threshold defined for a family of three by the U.S. Bureau of the Census. For a mother who worked full-time, year-round, the resulting hourly sufficiency wage is $5.80 (in 1987 dollars), the wage that would be just sufficient to allow a women with two children and child care expenses to be above the official poverty level.

CHARACTERISTICS OF WORKING MOTHERS

The study compares the characteristics of black, white, and Hispanic working mothers:

- **Family Characteristics.** Black working mothers are much less likely to be married to a full-time working spourse (38.2 percent as compared to 65.8 percent for white and 58.8 percent for Hispanic women). Hispanic working mothers are the most likely to have two or more children with at least one under age six (27.7 percent as compared to 20.7 percent for white and 22.1 percent for black working mothers). White working mothers are the most likely to have had a baby in the last year (7.2 percent as compared to 5.3 percent for black and 6.1 percent for Hispanic working mothers).

- **Human Capital Characteristics.** Hispanic working mothers are the least likely to have a high school diploma (64.9 percent as compared to 90.5 percent of white and 81.8 percent of black working mothers) or a college degree (8.2 percent as compared to 20.8 percent of white and 12.5 percent of black working mothers). All three groups have on the average substantial years of work experience (9.0 years for white, 7.9 years for black, and 8.3 years for Hispanic working mothers).

- **Job Characteristics.** Black working mothers are least likely to work in traditionally female occupations (42.7 percent as compared to 50.4 percent for white and 47.9 percent for Hispanic working mothers) and most likely to be union members (19.2 percent as comparaed to 16.4 percent of white and 17.1 percent of Hispanic working mothers). White working mothers are slightly more likely to be employed in full-time, full-year jobs (79.4 as compared to 75.7 percent of black and 73.4 percent of Hispanic working mothers). All groups are about equally likely to work in high technology and high growth industries.

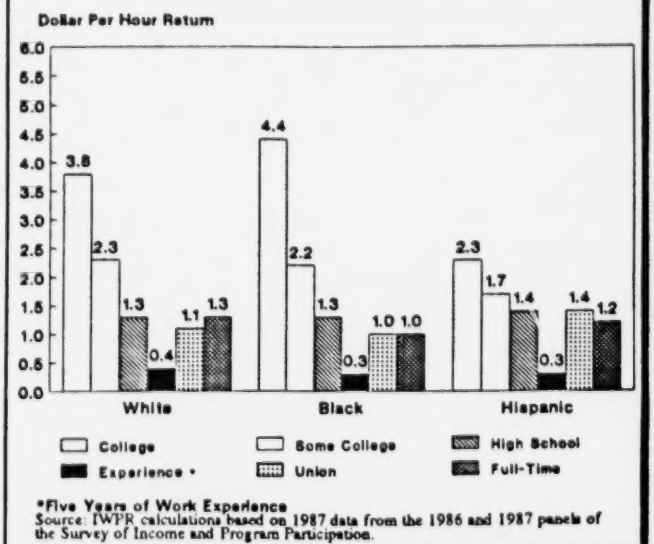
- **Earnings.** White working mothers have the highest hourly wages on the average--$7.81 per hour (in 1988 dollars) as compared to $6.69 for black and $6.42 for Hispanic working mothers, and they are the least likely to earn below a sufficiency wage of $5.80 per hour (in 1988 dollars)--37.1 percent as compared to 50.5 percent of black and 52.7 percent of Hispanic working mothers. Even among white working mothers, a substantial portion do not earn a wage sufficient to support a family of three at a minimal level.

These findings suggest that it is not family characteristics (such as presence of a spouse) that explain women's wages but rather their education, job characteristics, and racial advantage or disadvantage.

THE IMPACT ON HOURLY WAGES OF FAMILY, HUMAN CAPITAL, AND JOB CHARACTERISTICS

In order to isolate and compare the relative importance of human capital, job, and family characteristics for different working mothers, an ordinary least squares, stepwise regression analysis was done with the logarithm of wages as the dependent variable. The most important factors for increasing the wages of black, white, and Hispanic working mothers (as shown in Figure 1) were found to be: education; employment in a full-time, year-round job; union membership; and years of work experience. These four important factors are followed by three industrial and occupational characteristics: employment in high-technology industries; employment in male-dominated occupations; or employment in mixed-gender occupations.

FIGURE 1
MOST IMPORTANT FACTORS
THAT INCREASE WAGES OF WORKING WOMEN



*Five Years of Work Experience
Source: IWPR calculations based on 1987 data from the 1986 and 1987 panels of the Survey of Income and Program Participation.

- For all working mothers, the dollar returns range from 7 cents per hour for every year of work experience to $3.87 per hour for a college degree.

- Being black decreased hourly wages for working mothers by 42 cents whilie being Hispanic decreased wages by 27 cents (but was not stastically significant). Working in the low wage southern region of the country had a negative impact on hourly wages, especially for black mothers.

- The family variables in the study, presence of a full-time working spouse and number and ages of children, were *not* significant in predicting mothers' hourly wages.

ESTIMATED IMPACT OF POLICY STRATEGIES FOR INCREASING WORKING MOTHERS' EARNINGS.

A series of policy strategies that were thought likely to have a positive impact on working mothers' wages were tested with three goals in mind: ***(1) to improve the ability of mothers to earn a sufficiency wage, (2) to improve the wages of mothers who earn less than 150 percent of the sufficiency wage, and (3) to improve mothers' wages in order to move poor families out of poverty.*** In this study effectiveness is defined as the proportionate contribution to achieving the overall policy goal of each policy strategy (e.g. of all those working mothers whose families were in poverty, what proportion were able to move out of poverty because of each policy).

Which policy shifts are most effective as a sufficiency wage strategy? And for which race/ethnic group? (See Figure 2.)

- The single most effective sufficiency wage strategy for all groups of mothers is rewarding working mothers' current years of work experience at the same level as white men's.

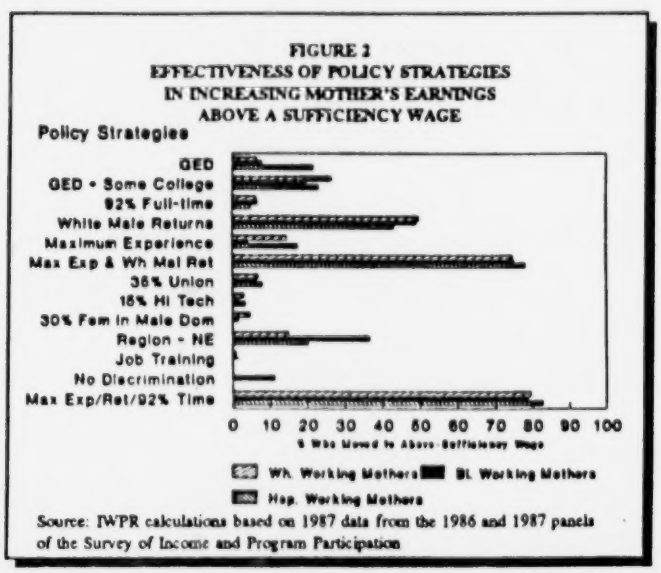
- Eliminating regional wage differences is a very effective policy strategy for black working mothers, while earning a G.E.D. (general equivalency diploma) is an especially effective strategy for Hispanic working mothers.

When several policies are combined, their effectiveness is elevated and they become the most efficient and effective means by which to increase mothers wages to the sufficiency wage level or above.

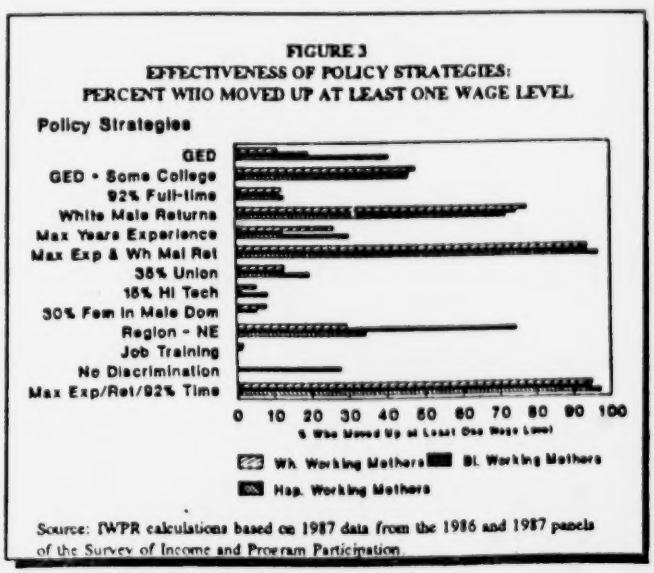
- The two-pronged strategy of maximizing years of work experience and rewarding work experience with the same returns enjoyed by white male workers would move 75 percent of all mothers affected from a below-sufficiency wage to an above-sufficiency wage.

- The three-pronged strategy of maximizing the years of work experience, rewarding work experience at the level enjoyed by white male workers, and increasing the percent of working mothers employed full-time, year-round to the same rate as ever-married men is even more effective for all racial/ethnic groups, with an average hourly wage increase of $3.43.

Which policy shifts are most effective as wage mobility strategies for working mothers at different wage levels, where wage mobility is defined as the ability of low wage working mothers to move up at least one wage level (one wage level was defined as 25% of the sufficiency wage). (See Figure 3.)



Source: IWPR calculations based on 1987 data from the 1986 and 1987 panels of the Survey of Income and Program Participation



Source: IWPR calculations based on 1987 data from the 1986 and 1987 panels of the Survey of Income and Program Participation.

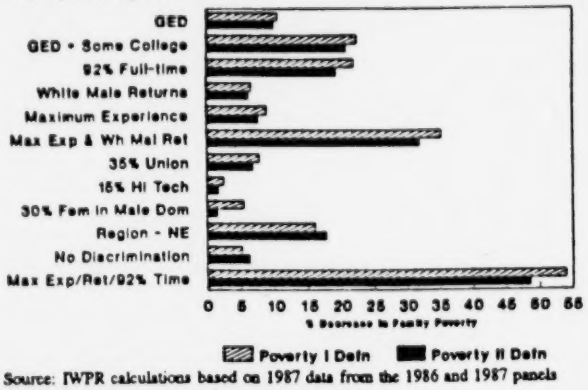
BEST COPY AVAILABLE

The most effective wage mobility strategies were found to be the same strategies as those that helped women achieve a sufficiency wage.

How effective are these policies in bringing the families of these working mothers out of poverty? (See Figure 4.)

Since the measure of poverty is severely underestimated, IWPR used two definitions of poverty in evaluating the effectiveness of policies to reduce poverty. "Poverty I" is based on the official annual poverty thresholds established by the Census Bureau for various family sizes ($9,690 in 1987 dollars for a family of three; $11,650 in 1987 dollars for a family of four). "Poverty II" adds an extra $1,830 -- the estimated annual cost of child care -- to the official threshold for the families with at least one child under six. Figure 4 summarizes the effectiveness of the proposed policy strategies in moving poor families of working mothers to an above-poverty family-income threshold, where poverty is defined as Poverty I and II.

FIGURE 4
EFFECTIVENESS OF POLICY STATEGIES IN DECREASING FAMILY POVERTY



Source: IWPR calculations based on 1987 data from the 1986 and 1987 panels of the Survey of Income and Program Participation.

- The most effective single strategy for lifting families out of poverty was to employ mothers full-time at the same rate as men.
- The two-pronged strategy of increasing years of work experience and increasing returns to work experience to a white male level, would likely bring more than one out of three families out of poverty, regardless of whether Poverty I or II is used.
- The three-pronged strategy of increasing work experience, increasing returns, and increasing full-time employment would lift approximately 50 percent of poor families out of poverty according to both Poverty I and Poverty II definitions.

Increasing Working Mothers' Earnings concludes that complex socioeconomic factors -- increases in human capital, changes in industrial and occupational characteristics, regional restructuring -- have more impact on working mothers' earnings than do their family characteristics. Our findings suggest that women do not have to remain single and childless in order to raise their incomes, but that the same factors that raise men's wages (e.g. human capital, quality of jobs, etc.) appear to be important in raising the wages of working women. The policy strategies discussed are long term, but they can be reached if specific remedies are used, such as financial aid for education, equal pay for work of comparable worth, anti-discrimination laws, collective bargaining, and larger rewards for work experience in women's jobs. But these strategies are unlikely to be implemented until women are viewed as having an equal and legitimate need to earn sufficient wages to support themselves and their families.

The full report, *Increasing Working Mothers' Earnings*, by Roberta Spalter-Roth and Heidi I. Hartmann, is availiable from the Institute for Women's Policy Research for $20.00. This research project was funded by the Women's Bureau and the U.S. Department of Labor. This Research-In-Brief was prepared by Taleria R. Fuller, Research Assistant.

BEST COPY AVAILABLE